

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 STR-04 OMB-01
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-----242332 034206 /72-62
P 242158Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY GEORGETOWN PRIORITY

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E.O. 11652:N/A

TAGS: EINV, GY

SUBJECT: POTENTIAL INVESTMENT DISPUTE - NATIONAL MILLING

1. RICHARD MYERS, VICE PRESIDENT, SEABOARD ALLIED MILLING CORPORATION, HAS APPROACHED DEPARTMENT REGARDING POTENTIAL GUYANAN INVESTMENT DISPUTE INVOLVING SEABOARD'S WHOLLY OWNED GUYANESE SUBSIDIARY, NATIONAL MILLING CORPORATION.

2. ACCORDING TO MYERS, NATIONAL MILLING OPERATES GUYANA'S ONLY FLOUR MILL AND IS COUNTRY'S SOLE IMPORTER OF WHEAT. LOCALLY GENERATED INCOME FROM FLOUR SALES IS NORMALLY EXCHANGED INTO DOLLARS TO PURCHASE WHEAT. NATIONAL'S EXECUTIVE MANAGER, MICHAEL EIZENGER, HAS REPORTED MINISTRY OF TRADE PERMANENT SECRETARY WILLIAMS HAS ASKED NATIONAL MILLING TO FOREGO EXCHANGE TRANSACTIONS UNTIL APRIL. DURING THIS PERIOD WHEAT IMPORTS WOULD CONTINUE BUT WOULD HAVE TO BE PAID FOR BY NATIONAL AND SEABOARD, IN EFFECT, EXTEND-
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ING A HARD CURRENCY LOAN TO THE GOG. MYERS ESTIMATED THAT THESE IMPORTS WOULD AMOUNT TO APPROXIMATELY DOLS. 2.5 MILLION. IN APRIL, NATIONAL WOULD PRESUMABLY BE ALLOWED TO REMIT THIS AMOUNT, PLUS INTEREST, TO ITS PARENT CORP.

3. MEYERS IS AWARE OF GUYANA'S CURRENT ECONOMIC DIFFICULTIES. HE IS CONCERNED OVER THE POSSIBILITY THAT THE

EXCHANGE WOULD NOT BE MADE AVAILABLE IN APRIL. ADDITIONALLY SEABOARD WOULD HAVE DIFFICULTY IN FINANCING THIS AMOUNT THROUGH ITS OWN BANKING SOURCES. THEY ARE CONCERNED THAT GOG CANNOT RAISE THIS AMOUNT ON ITS OWN FROM PRIVATE BANKING SOURCES.

4. MYERS SAID SEABOARD MUST MAKE DECISION SOON. MAIN CONCERN IS RELIABILITY OF GOG ASSURANCE THAT APRIL DEADLINE WOULD BE MET. MYERS SAID SEABOARD HAS ALWAYS MAINTAINED EXCELLENT RELATIONS WITH GOG. THEY ARE DISPOSED TO BE FORTHCOMING. HOWEVER, AMOUNT IS LARGE RELATIVE TO SIZE OF FIRM, AND COMPANY MAY DECIDE TO PULL OUT RATHER THAN FOREGO EXCHANGE TRANSACTIONS.

5. MYER AND SEABOARD PRESIDENT HARRY BRESKY PLAN TO VISIT GEORGETOWN MARCH 2-3 TO DISCUSS SITUATION WITH MINISTER OF TRADE GEORGE KING. THEY WILL BRIEF EMBASSY BEFORE AND AFTER MEETING.

6. ACTION REQUESTED: WE WOULD PREFER TO ALLOW COMPANY AND GOG AN OPPORTUNITY TO FIND A MUTUALLY ACCEPTABLE SOLUTION. HOWEVER, WE WOULD ALSO APPRECIATE EMBASSY'S VIEWS ON WHAT ACTION, IF ANY, WE MIGHT CONSIDER TAKING TO FACILITATE SUCH AN OUTCOME, AS WELL AS EMBASSY'S ASSESSMENT AS TO WHETHER GOG WILL BE ABLE TO MEET COMPANY'S FOREIGN EXCHANGE NEEDS BY APRIL.
VANCE

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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TAGS: EINV, GY, US, NATIONAL MILLING CORPORATION
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